

AGREEMENT FOR WATER AND SEWER SERVICE
CLOVER SCHOOL DISTRICT NUMBER TWO OF YORK COUNTY
MIDDLE SCHOOL
YORK COUNTY, SC

This Agreement is entered into this 19 day of August, 2008 by and between Clover School District No. 2 of York County existing under the laws of the State of South Carolina and authorized to do business in South Carolina (hereinafter referred to as "School District"), and Carolina Water Service, Inc., a Delaware corporation authorized to do business in South Carolina (hereinafter referred to as "Utility").

WITNESSETH

WHEREAS, School District is the owner of certain real estate parcel containing approximately 34 acres (Tax Parcel No 4780000151), and the portions of which are being developed are located at the intersection of Highway 557 and Oakridge Road in Lake Wylie, York County, South Carolina, hereinafter referred to as the "Property" (see "Exhibit 1"); and,

WHEREAS, School District desires to develop the Property into a Middle School with capacity of 1,167 staff and students having an estimated daily water and wastewater usage of 23,340 gpd when completed; and,

WHEREAS, Utility is a public utility engaged in the business of furnishing water and sewer service to the public in its designated River Hills / Lake Wylie Franchised Service Territory located in York County and Property is located within the service territory. The Utility desires to have constructed and installed, and the School District desires to construct and install, the water distribution and wastewater collection facilities to serve the Property subject to the terms and conditions of this Agreement; and,

WHEREAS, School District desires Utility to provide water and wastewater utility service within the Property and Utility desires to provide water and wastewater utility service according to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

Representations and Warranties of School District

School District represents and warrants that:

1. School District is the owner of or is duly authorized to act on behalf of the owner(s) of the Property; and,

2. School District will cooperate fully with the Utility in any and all applications or petitions to public authorities deemed necessary or desirable by Utility in connection with the construction and installation of the Facilities contemplated by this Agreement; and,
3. School District will convey to the Utility or otherwise vest in the Utility such right, title and interest in and to such real estate as may be reasonably necessary to permit the Utility to carry out the terms and conditions of this Agreement; and,
4. School District will convey to Utility or provide by recorded subdivision plats such easements or rights of way as the Utility may reasonably require for the Utility's performance of its obligations under this Agreement. Any such plats, conveyances or licenses will be free and clear of liens and encumbrances and in form reasonably satisfactory to Utility's legal counsel.

ARTICLE II

Obligations and Construction of Facilities by School District

1. Facilities
School District shall construct and install all necessary water distribution and wastewater collection facilities to serve the Property, including but not limited to mains, valves, fire hydrants, service laterals, meter boxes, meters, backflow devices, manholes, odor control devices, lift station(s) with emergency generator(s), and other facilities as are reasonably required to provide adequate water and wastewater service (hereinafter referred to as the "Facilities"). Water distribution mains will have a minimum diameter of ten (10) inches, except where otherwise approved by Utility. School District shall install and connect to the existing twelve (12) inch water main along Highway 557 providing water service to the property at a point to be determined by the Utility. Wastewater collection mains will have a minimum diameter of eight (8) inches, except where otherwise approved by Utility. The sewer collection system, via the proposed lift station and three (3) inch forcemain shall connect to an existing forcemain along Highway 557 at a point as determined by Utility.
2. All materials used by the School District for said Facilities shall be new, first-class, and suitable for the uses made thereof. School District guarantees all construction, materials, workmanship, and the trouble-free operation of the Facilities (or any portion of the Facilities) for one year after the Facilities (or such portion of the Facilities) are placed in service.
3. All Facilities constructed and installed by School District pursuant to this Article II shall be constructed and installed without cost or expense to Utility.

4. All plans, specifications and construction of the Facilities shall be in accordance with applicable standards, requirements, rules and regulations of all governmental bodies and regulatory agencies which may have jurisdiction thereover, and shall have received the written approval of Utility before construction is begun, which approval shall not be unreasonably withheld or delayed.
5. School District shall save and hold Utility harmless from and against all suits or claims that may be based upon any injury to any person or property that may occur in the course of the performance of the construction of the Facilities by School District or by anyone acting on School District's behalf, or under School District's supervision and control, including but not limited to claims made by employees of School District, and School District shall, at its own cost and expense, pay all costs and other expenses arising therefrom, or incurred in connection therewith, including reasonable attorneys' fees.
6. School District shall obtain, with cooperation from Utility, all requisite permits and zoning and other approvals and all else required to construct the Facilities, without cost or expense to Utility.
7. Upon written acceptance of the Facilities by the Utility and interconnection with the Utility's existing water and wastewater systems, all of the Facilities installed by School District pursuant to this Agreement shall become the property of Utility as installed, without cost or expense to Utility, with the exception of the service lines for which the School District shall retain ownership and maintenance responsibility up to the point where the service line enters the wastewater easement for sewer laterals or up to the water meter for water service lines. School District shall execute all conveyances, licenses and other documents reasonably requested by Utility as necessary or desirable in its opinion to ensure its ownership of, ready access to, and operation and maintenance of the Facilities. School District shall furnish Utility with lien waivers in a form reasonably satisfactory to Utility's legal counsel from School District and from all suppliers, subcontractors and all other who furnish labor, equipment, materials, rentals, or who perform any services in connection with Facilities construction herein. School District agrees to provide to Utility documentary evidence, in form satisfactory to Utility, sufficient to establish the original cost of the Facilities. Utility shall have, at all times, all right, title and interest in and to the Facilities.
8. School District shall not have the right to connect service connections to the Facilities until such time as the Facilities have been formally accepted by the Utility, written approvals have been received from all governmental bodies and regulatory agencies which may have jurisdiction thereover, and all applicable connection fees have been

paid.

9. All connections must be inspected by the Utility prior to backfilling and covering of any pipes. Written notice to the Utility requesting an inspection of a connection shall be made at least forty-eight (48) hours in advance of the inspection, excluding weekends and official Utility holidays.
10. Should the School District fail to comply with the foregoing inspection provisions, Utility may refuse service to a connection until such time as the appropriate inspections have been completed.
11. School District shall, prior to the transfer to Utility of the Facilities, grant permanent, assignable easements satisfactory to Utility, without cost or expense to Utility, authorizing Utility to own, operate and maintain the Facilities throughout the Property and providing reasonably adequate rights of access and working space for such purposes.
12. School District shall, prior to the transfer to Utility of the Facilities, provide to Utility as-built drawings, and all other information (by both hard copy and electronic copy), reasonably required to operate, maintain, and repair the Facilities.
13. School District shall submit to Utility upon execution of this Agreement a Plan Review Fee of one thousand dollars (\$1,000) for each phase of the development. School District shall, prior to the final acceptance of each development phase, or portions thereof, submit to Utility a five hundred dollar (\$500) Inspection Fee. Should the Facilities require additional inspection(s) due to improper installation, defective or unapproved materials, the School District shall pay five hundred dollars (\$500) for each additional inspection required.
14. Upon School District's satisfaction of its obligations under this Agreement, Utility agrees to reserve adequate utility capacity for up to fifty-nine (59) Single Family Equivalents for water and wastewater service located within the Property.
15. School District shall pay and deliver to Utility the sum of money which is the non-recurring service connection and plant impact fees ("Tap Fees") provided for under Utility's rate schedule, as may be approved by the Public Service Commission of South Carolina and in effect from time to time, multiplied by the Single Family Equivalent ("SFE") rating set forth therein. For the project which is the subject of this Agreement, that sum shall be \$82,600.00 which is based upon an estimated fifty-nine (59) SFEs (does not include irrigation or service to any facilities other than the main structure and field house) and the Utility's current rate schedule. This payment shall be made within ten (10) days of the issuance of a Permit to Construct for the necessary water and wastewater infrastructure from the South Carolina Department of Health and Environmental Control,

or within sixty (60) days of the execution of this Agreement, whichever occurs first. Should it be determined that the project contemplated by this Agreement consists of a greater number of SFEs than is estimated hereinabove, then and in that event School District shall be required to pay an additional sum to Utility for each additional SFE using the calculation provided for hereinabove conditioned upon first receiving the approval from Utility for such increase in SFEs. In addition, School District agrees that it will not represent to any third party that utility service is available from Utility for use within the proposed development except (1) upon School District's payment of the Tap Fees as provided hereinabove, and (2) establishment of service and an account between said third party and Utility, including payment of all fees and charges authorized under the Utility's approved rate schedule excepting tap fees.

ARTICLE III

Other

1. School District will close out and properly abandon the existing well, and will not permit the construction of any future private wells or septic systems within the Property.
2. Neither School District nor any entity or individual affiliated with School District has executed or will execute any agreement with any lot purchaser in the Property, or any other parties or made any representations to any such purchasers or other parties whereunder such purchaser or other parties have acquired any interest in Facilities to be installed under this Agreement.

ARTICLE IV

Utility Services, Connection Fees, Rates and Charges

1. Prior to the commencement of utility service, School District is responsible for the payment to Utility of all applicable water and sewer fees, as well as the appropriate York County water and sewer tap-on or service fees at the rate as in effect from time to time prior to the provision of utility service to any lot within the Property. Such fees, usage and all other incidental rates and charges shall be rendered by Utility in accordance with Utility's rates, rules and regulations and conditions of service on file with the South Carolina Public Service Commission (the "Commission") from time to time and then in effect. Capacity shall not be reserved for facility or building for which the tap fee has not been paid.
2. Upon installation and acceptance of the Facilities and payment of all applicable

connection fees, Utility agrees to supply all customers within the Property with adequate and customary water and wastewater service and to operate, maintain and repair all Facilities as indicated herein, after acceptance by Utility and issuance of operational approvals by all regulatory authorities.

ARTICLE V

Commission Approval

1. Within thirty (30) days following the execution of this Agreement, Utility will file an application with the Commission requesting approval of this Agreement, if necessary. School District agrees to cooperate with Utility in any proceeding resulting from such application and to reimburse Utility its reasonable attorney fees, costs and litigation expenses incurred for such filing, and in addition, in the event such application is litigated by the Office of Regulatory Staff or opposed by third parties. All terms and conditions contained herein are subject to Utility receiving said approvals from the Commission.

ARTICLE VI

General

1. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence, such party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.
2. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.
3. The representations, warranties and agreements contained herein shall survive, and continue in effect. School District agrees to indemnify Utility, its successors and assigns,

and hold it and them harmless against any loss, damage, liability, expense or cost of Utility, accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of School District under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Utility by School District.

4. This Agreement sets forth the complete understanding between School District and Utility, and any amendments hereto to be effective must be made in writing.
5. Notices, correspondence and invoicing required hereunder shall be given to School District and to Utility at the following addresses, or at any other addresses designated in writing by either party subsequent to the date hereof:

If to Utility:

Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, Illinois 60062
Attn: Ms. Lisa Sparrow
Chief Operating Officer

If to School District:

Clover School District No. 2 of York County
604 Bethel Street
Clover, SC 29710
Attn: Dr. Marc Sosne

Delivery when made by registered or certified mail shall be deemed complete upon mailing. Delivery by overnight courier shall be deemed complete when delivered.

6. This Agreement may not be assigned by School District without the written approval of Utility, which approval shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
7. This Agreement shall be governed by the laws of the State of South Carolina.
8. If this Agreement is not executed prior to September 15, 2008, then the terms and conditions contained herein will be waived, with no further obligations or responsibilities to either party.

[Signatures Begin on the Following Page]

IN WITNESS WHEREOF, the parties hereto have set their seals the day and year above first written.

Carolina Water Service, Inc.

By: [Signature]
Its: Vice-President

Attest/Witness: Ronnie Stanis

1) Ronnie Stanis

(Print name and title, seal if applicable)

2) Donna Stegall [Signature]

(Print name)

Clover School District No. 2 of York County

By: [Signature]
Its: Superintendent

Attest/Witness:

1) Kenneth E. Love
Kenneth E. Love

(Print name and title, seal if applicable)

2) Judy C Miller / Judy C. Miller

(Print name/ Signature)

STATE OF S.C.)

COUNTY OF York)

Probate

PERSONALLY appeared before me the undersigned witness and made oath that he saw the within named Marc Sosne, as Superintendent of Clover School District sign, seal and as its act and deed, deliver the within written agreement for the uses and purposes therein mentioned, and that s/he with the other witness subscribed above, witnessed the execution thereof.

SWORN to before me this

19 day of Aug, 2008

Kenneth E. Love
Witness

Judy C Miller
Notary Public for SC

My Commission Expires: 10-2-2016

[seal]

